

AMENDED IN SENATE APRIL 21, 2003

SENATE BILL

No. 953

Introduced by Senator Dunn

(Principal coauthor: Assembly Member Steinberg)

(Coauthors: Assembly Members Lieber and Mullin)

February 21, 2003

An act to add Part 6 (commencing with Section 1180) to Division 1 of the Health and Safety Code, relating to an election for children's hospital bonds, and by providing the funds necessary therefor through the issuance and sale of bonds of the State of California and by providing for the handling and disposition of those funds.

LEGISLATIVE COUNSEL'S DIGEST

SB 953, as amended, Dunn. Children's Hospital Bond Act of 2004.

Under existing law, the Director of Health Services is required to administer state law pertaining to the administration of health care services and medical assistance, and the licensing of health facilities.

Under existing law, various bond acts have been approved by the voters to provide funds for various projects, facilities, or programs.

This bill would enact the Children's Hospital Bond Act of 2004 which, if adopted, would authorize, for purposes of financing a specified Children's Hospital Program to fund capital ~~expenditure~~ *improvement* projects for children's hospitals, the issuance, pursuant to the State General Obligation Bond Law, of bonds in an unspecified amount.

The bill would provide for submission of the bond act to the voters at the next statewide election in accordance with specified law.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Part 6 (commencing with Section 1180) is added to Division 1 of the Health and Safety Code, to read:

PART 6. CHILDREN'S HOSPITAL BOND ACT OF 2004

CHAPTER 1. GENERAL PROVISIONS

1180. This part shall be known and may be cited as the Children's Hospital Bond Act of 2004.

1180.1. As used in this part, the following terms have the following meanings:

(a) "Authority" means the "California Health Facilities Financing Authority" established pursuant to Section 15431 of the Government Code.

(b) "Children's Hospital" includes the hospitals specified in Sections 10727 and 10728 of the Welfare and Institutions Code.

(c) "Committee" means the Children's Hospital Bond Act Finance Committee created pursuant to Section 1180.7. 1181.2.

~~(b)~~

(d) "Fund" means the Children's Hospital Fund created pursuant to Section 1180.2.

~~(e)~~

(e) "Grant" means the distribution of money in the fund by the authority to children's hospitals for projects pursuant to this part.

(f) "Program" means the Children's Hospital Program established pursuant to this part.

(g) "Project" means the construction, expansion, remodeling, renovation, furnishing, or equipping, or the funding, financing, or refinancing, of a children's hospital, or the acquisition of a children's hospital, to be financed or refinanced with funds provided in whole or in part pursuant to this part. "Project" may include reimbursement for the costs of construction, expansion, remodeling, renovation, furnishing, or equipping, or for the funding, financing, or refinancing, of a children's hospital, or for the acquisition of a children's hospital. "Project" may include any combination of one or more of the foregoing undertaken jointly by a participating children's hospital with one or more other participating health institutions.

CHAPTER 2. THE CHILDREN'S HOSPITAL PROGRAM

1180.2. The proceeds of bonds issued and sold pursuant to this part shall be deposited in the Children's Hospital Fund, which is hereby created.

1180.3. The purpose of the Children's Hospital Program, ~~which is hereby established, is to provide funding for capital expenditure~~ *is to improve the health and welfare of California's critically ill children, by providing a stable and ready source of funds for capital improvement projects for children's hospitals as defined in Section 10727 or 10728 of the Welfare and Institutions Code.*

~~1180.4. Any children's hospital, as defined in Section 10727 or 10728 of the Welfare and Institutions Code, may request funding for capital expenditure projects consistent with Section 1180.3 from the Children's Hospital Grant Review Board, which is hereby created for the purpose of awarding these grants. The~~ *program established by this part is in the public interest, serves a public purpose, and will promote the health, safety, and welfare of the residents of the state.*

1180.4. *The authority is authorized to award grants to any children's hospital for purposes of funding projects defined in subdivision (g) of Section 1180.1.*

1180.5. (a) *Eighty percent of the total funds available for grants pursuant to this part shall be awarded to children's hospitals identified in Section 10727 of the Welfare and Institutions Code.*

(b) *Twenty percent of the total funds available for grants pursuant to this part shall be awarded to children's hospitals as identified in Section 10728 of the Welfare and Institutions Code.*

1180.6. (a) *The authority shall develop an application process for the awarding of grants under this part. The authority shall award grants to eligible children's hospitals, subject to the limitations of this part and to further the purposes of this act, based on the following factors:*

(1) *The extent to which the grant will contribute toward the improvement of child health care and patient outcomes.*

(2) *The importance and level of services to vulnerable populations that will be generated.*

1 (3) *Demonstration by the applicant of project readiness and*
2 *feasibility.*

3 (b) *An application for funds shall be submitted to the authority*
4 *for approval as to its conformity with the requirements of this part.*
5 *The authority shall process and award grants in a timely manner.*

6 (c) *A children's hospital identified in Section 10727 of the*
7 *Welfare of Institutions Code shall not apply for, and the authority*
8 *shall not award to that children's hospital, a grant that would*
9 *cause the total amount of grants awarded to that children's*
10 *hospital to exceed one-eighth of the total funds available for grants*
11 *to all children's hospitals pursuant to subdivision (a) of Section*
12 *1180.5. Any funds available under subdivision (a) of Section*
13 *1180.5 that have not been exhausted by June 20, 2014, shall*
14 *become available, pursuant to the requirements of this part, for a*
15 *children's hospital identified in Section 10728 of the Welfare and*
16 *Institutions Code.*

17 (d) *In no event shall a grant to finance a project exceed the total*
18 *cost of the project, as determined by the children's hospital and*
19 *approved by the authority.*

20 (e) *A project that is awarded a grant shall be completed within*
21 *a reasonable period of time, to be determined by the authority. If*
22 *the authority determines that the children's hospital has failed to*
23 *complete the project under the terms specified in awarding the*
24 *grant, the authority may require remedies, including the return of*
25 *all or a portion of the grant. A children's hospital receiving a grant*
26 *under this part shall submit certification of project completion to*
27 *the authority.*

28 (f) *Grants shall be available pursuant to this part only if the*
29 *authority determines that it has sufficient money available in the*
30 *fund. Nothing in this part shall be interpreted to require the*
31 *authority to award grants if the authority determines that it has*
32 *insufficient moneys available in the fund to do so.*

33 (g) *The authority may annually determine the amount*
34 *available for purposes of this part.*

35 1180.7. *The Bureau of State Audits may conduct periodic*
36 *audits to ensure that bond proceeds are awarded in a timely*
37 *fashion and in a manner consistent with the requirements of this*
38 *part, and that awardees of bond proceeds are using funds in*
39 *compliance with applicable provisions of this part.*

40

CHAPTER 3. FISCAL PROVISIONS

~~1180.5.—~~

1181. Bonds in the total amount of _____ dollars (\$____), or so much thereof as is necessary, not including the amount of any refunding bonds, or so much thereof as is necessary, may be issued and sold to provide a fund to be used for carrying out the purposes expressed in this part and to reimburse the General Obligation Bond Expense Revolving Fund pursuant to Section 16724.5 of the Government Code. The bonds, when sold, shall be and constitute a valid and binding obligation of the State of California, and the full faith and credit of the State of California is hereby pledged for the punctual payment of the principal of, and interest on, the bonds as the principal and interest become due and payable.

~~1180.6.—~~

1181.1. The bonds authorized by this part shall be prepared, executed, issued, sold, paid, and redeemed as provided in the State General Obligation Bond Law (Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code), and all of the provisions of that law apply to the bonds and to this part and are hereby incorporated in this part as though set forth in full in this part.

~~1180.7.—~~

1181.2. (a) Solely for the purpose of authorizing the issuance and sale pursuant to the State General Obligation Bond Law of the bonds authorized by this part, the Children's Hospital Bond Act Finance Committee is hereby created. For purposes of this part, the Children's Hospital Bond Act Finance Committee is "the committee" as that term is used in the State General Obligation Bond Law. The committee consists of the Controller, ~~Treasurer,~~ the Director of Finance, and the ~~Director of Health Services,~~ ~~Treasurer,~~ or their designated representatives. The ~~Director of Health Services~~ ~~Treasurer~~ shall serve as chairperson of the committee. A majority of the committee may act for the committee.

(b) ~~For The authority is designated the "board" for purposes of the State General Obligation Bond Law, the State Department of Health Services is designated the "board."~~

~~1180.8.— and shall administer the fund pursuant to this part.~~

1 1181.3. The committee shall determine whether or not it is
2 necessary or desirable to issue bonds authorized pursuant to this
3 part in order to carry out the actions specified in Section 1180.3
4 and, if so, the amount of bonds to be issued and sold. Successive
5 issues of bonds may be authorized and sold to carry out those
6 actions progressively, and it is not necessary that all of the bonds
7 ~~authorized to be issued be~~ or sold at any one time.

8 ~~1180.9.—~~

9 1181.4. There shall be collected each year and in the same
10 manner and at the same time as other state revenue is collected, in
11 addition to the ordinary revenues of the state, a sum in an amount
12 required to pay the principal of, and interest on, the bonds each
13 year. It is the duty of all officers charged by law with any duty in
14 regard to the collection of the revenue to do and perform each and
15 every act that is necessary to collect that additional sum.

16 ~~1181.—~~

17 1181.5. Notwithstanding Section 13340 of the Government
18 Code, there is hereby appropriated from the General Fund in the
19 State Treasury, for the purposes of this part, an amount that will
20 equal the total of the following:

21 (a) The sum annually necessary to pay the principal of, and
22 interest on, bonds issued and sold pursuant to this part, as the
23 principal and interest become due and payable.

24 (b) The sum necessary to carry out Section ~~1181.1~~ 1181.6,
25 appropriated without regard to fiscal years.

26 ~~1181.1.—~~

27 1181.6. For the purposes of carrying out this part, the Director
28 of Finance may authorize the withdrawal from the General Fund
29 of an amount not to exceed the amount of the unsold bonds that
30 have been authorized by the committee to be sold for the purpose
31 of carrying out this part. Any amounts withdrawn shall be
32 deposited in the fund. Any money made available under this
33 section shall be returned to the General Fund from proceeds
34 received from the sale of bonds for the purpose of carrying out this
35 part.

36 ~~1181.2.—~~

37 1181.7. All money deposited in the fund that is derived from
38 premium and accrued interest on bonds sold shall be reserved in
39 the fund and shall be available for transfer to the General Fund as
40 a credit to expenditures for bond interest.

~~1181.3.—~~

1181.8. Pursuant to Chapter 4 (commencing with Section 16720) of Part 3 of Division 4 of Title 2 of the Government Code, the cost of bond issuance shall be paid out of the bond proceeds. These costs shall be shared proportionally by each program funded through this bond act.

~~1181.4.—The Director of Health Services~~

1181.9. *The authority* may request the Pooled Money Investment Board to make a loan from the Pooled Money Investment Account, including other authorized forms of interim financing that include, but are not limited to, commercial paper, in accordance with Section 16312 of the Government Code, for purposes of carrying out this part. The amount of the request shall not exceed the amount of the unsold bonds that the committee, by resolution, has authorized to be sold for the purpose of carrying out this part. ~~The Director of Health Services~~ *authority* shall execute any documents required by the Pooled Money Investment Board to obtain and repay the loan. Any amounts loaned shall be deposited in the fund to be allocated by the board in accordance with this part.

~~1181.5.—~~

1181.10. The bonds may be refunded in accordance with Article 6 (commencing with Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of the Government Code, which is a part of the State General Obligation Bond Law. Approval by the voters of the state for the issuance of the bonds described in this part includes the approval of the issuance of any bonds issued to refund any bonds originally issued under this part or any previously issued refunding bonds.

~~1181.6.—~~

1181.11. Notwithstanding any other provision of this part, or of the State General Obligation Bond Law, if the Treasurer sells bonds pursuant to this part that include a bond counsel opinion to the effect that the interest on the bonds is excluded from gross income for federal tax purposes, subject to designated conditions, the Treasurer may maintain separate accounts for the investment of bond proceeds and for the investment of earnings on those proceeds. The Treasurer may use or direct the use of those proceeds or earnings to pay any rebate, penalty, or other payment required under federal law or take any other action with respect to

1 the investment and use of those bond proceeds required or
2 desirable under federal law to maintain the tax-exempt status of
3 those bonds and to obtain any other advantage under federal law
4 on behalf of the funds of this state.

5 ~~1181.7.—~~

6 *1181.12.* The Legislature hereby finds and declares that,
7 inasmuch as the proceeds from the sale of bonds authorized by this
8 part are not “proceeds of taxes” as that term is used in Article
9 XIII B of the California Constitution, the disbursement of these
10 proceeds is not subject to the limitations imposed by that part.

11 SEC. 2. Section 1 of this act shall take effect upon the
12 approval by the voters of the Children’s Hospital Bond Act of
13 ~~2004, as set forth in Section 1 of this act. 2004.~~

14 SEC. 3. Section 1 of this act shall be submitted to the voters
15 at the next statewide election in accordance with provisions of the
16 Government Code and the Elections Code governing the
17 submission of a statewide measure to the voters.

18 SEC. 4. (a) Notwithstanding any other provision of law, all
19 ballots of the election shall have printed thereon and in a square
20 thereof, the words: “Children’s Hospital Bond Act of 2004,” and
21 in the same square under those words, the following in 8-point
22 type: “This act provides for a bond issue of ____ (\$____) to
23 provide funds for a Children’s Hospital Program.” Opposite the
24 square, there shall be left spaces in which the voters may place a
25 cross in the manner required by law to indicate whether they vote
26 for or against the act.

27 (b) Where the voting in the election is done by means of voting
28 machines used pursuant to law in a manner that carries out the
29 intent of this section, the use of the voting machines and the
30 expression of the voters’ choice by means thereof are in
31 compliance with this section.